feree. Suit was brought by the liquidator of the company to have the transfer set aside. *Held*, that the transfer is valid. *In re Discoverers' Finance Corporation, Lindlar's Case*, 45 L. J. 122 (Eng., Ct. App., Feb. 12, 1910).

This decision is undoubted law in England. Provided the transfer is absolute, it is of no consequence that it is to one known to be a man of straw, for the express purpose of ridding the transferor of his liability. *De Pass's Case*, 4 De G. & J. 544. The retention of any interest, however, makes the transfer invalid. *Budd's Case*, 3 De G. F. & J. 297. And the transferor must contribute, if the transaction is wholly colorable, leaving him under obligations to the transferee. *In re Discoverers' Finance Corporation*, [1908] 1 Ch. 141. In the United States, however, the law is quite the reverse. *Nathan* v. *Whitlock*, 9 Paige (N. Y.) 152. A shareholder cannot avoid liability by conveying to a man of straw. The cases emphasize the necessity of an intent to avoid liability, considering it as analogous to an intent to defraud. See *Moore* v. *Boyd*, 74 Cal. 167, 174. Such an intent is usually inferred from the known insolvency of the corporation or of the transferee. *Bowden* v. *Johnson*, 107 U. S. 251. Yet after an honest sale with no intent to defeat creditors, the mere fact of the purchaser's insolvency is not enough to make the seller liable as a contributory. *Miller* v. *Great Republic Insurance Co.*, 50 Mo. 55. It is submitted that the American doctrine is necessary to afford adequate protection and to do full justice to honest shareholders and creditors.

CORPORATIONS — STOCKHOLDERS: RIGHTS INCIDENT TO MEMBERSHIP — RIGHT TO CONTROL DIRECTORS BY A PARTNERSHIP AGREEMENT. — Two individuals bought all the shares in a foreign corporation, under an agreement that the business should be carried on under their joint direction, and that the necessary directors should act only under such direction. A dispute having arisen, one of them seeks to enjoin the directors from following their independent judgment. *Held*, that the injunction be refused. *Jackson* v. *Hooper*, 42 N. Y. L. J. 2381 (N. J., Ct. Ch., Feb. 28, 1910). See NOTES, p. 551.

CORPORATIONS — ULTRA VIRES CONTRACTS: RIGHTS AND LIABILITIES OF PARTIES — AUTHORIZATION OF PARTICULAR ACT DEPENDING ON FACTS PECULIARLY WITHIN CORPORATE AGENT'S KNOWLEDGE. — The defendant corporation issued a promissory note for the purchase of stock in another corporation. The plaintiff purchased the note for value before maturity without notice. The defendant was authorized to issue notes, but its purchase of stock was *ultra vires*. *Held*, that the plaintiff can recover on the note. *Jefferson Bank of St. Louis* v. *Chapman-White-Lyons Co.*, 123 S. W. 641 (Tenn.).

Corporate notes are void if expressly prohibited. *Root* v. *Wallace*, 4 McLean (U. S.) 8. But otherwise in the United States a corporation has implied power to issue negotiable notes for the purposes of its business. *Curtis* v. *Leavitt*, 15 N. Y. 9. An issue for other purposes is unauthorized. *Tracy* v. *Talmadge*, 14 N. Y. 162. Usually an unauthorized act is not a corporate act unless the entire body of stockholders ratify it in fact or in law. And unless there has been a corporate act the plea of *ultra vires* is undoubtedly valid. *Central & Banking Co.* v. *Smith*, 76 Ala. 572. But when an act's validity depends on facts peculiarly within the knowledge of the corporate officer, the law finds a corporate act without more, and the plea of *ultra vires* is not permissible. *Monument Nat. Bank* v. *Globe Works*, 101 Mass. 57. So a corporation is always liable to the innocent holder of its accommodation paper. *Nat. Bank of the Republic* v. *Young*, 41 N. J. Eq. 531. And a hardware company has been held liable on notes issued for the purchase of jewelry. *Stouffer* v. *Smith-Davis Hardware Co.*, 154 Ala. 301. Nor is it any defense that a note was issued in excess of the statutory debt limit. *Humphrey* v. *Patrons' Mercantile Ass'n*, 50 Ia. 607. But see *Elliott Nat. Bank* v. *Western, etc. R. Co.*, 2 Lea (Tenn.) 676. And it is true as a general rule that unless the other party has knowledge of the facts, a corporation is liable on a contract which is authorized for one purpose but is in fact made for another purpose. See *Colorado Springs Co.* v. *Am. Pub. Co.*, 97 Fed. 843, 849.